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INTERGOVERNMENTAL NEGOTIATING COMMITTEE
FOR THE ELABORATION OF AN INTERNATIONAL
CONVENTION TO COMBAT DESERTIFICATION
IN THOSE COUNTRIES EXPERIENCING SERIOUS
DROUGHT AND/OR DESERTIFICATION,
PARTICULARLY IN AFRICA
Ninth session
New York, 3-13 September 1996
Agenda item 2

IDENTIFICATION OF AN ORGANIZATION TO HOUSE THE GLOBAL MECHANISM

Note by the Secretariat

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I. INTRODUCTION

1. At its eighth session, the INCD adopted Decision 8/5 that requested the Secretariat to:

(a) compile for consideration at the ninth session written comments on the functions of the Global Mechanism (GM) submitted by members of the committee as well as regional and other interest groups;

(b) also compile comments that delegations and groups of delegations made on the same subject at the eighth session; and

(c) prepare for the ninth session a preliminary negotiating text on the functions of the GM and the criteria for selecting an institution to house it.

2. This note responds to these requests. It should be read in conjunction with earlier documents on the Global Mechanism, document A/AC.241/33 for the seventh session of the INCD and document A/AC.241/43 for the eighth session.

II. COMPILATION OF WRITTEN SUBMISSIONS AND COMMENTS AT EIGHTH SESSION

3. Annexes A, B, C and D contain the texts of written submissions on the functions of the GM from the African, Asian and OECD Groups, as well as of a paper distributed by the Latin American and Caribbean Group at the eighth session. Paragraph and subparagraph references have been added consistently to these texts for ease of citation. The Secretariat also received written comments from several governments, which supplement the group submissions, and from a group of Non Governmental Organizations (NGO's). They will be available to interested delegations at the ninth session.

4. Annex E contains a summary of comments that delegations and groups of delegations made in Working Group I at the eighth session on the functions of the GM. This summary does not include descriptions of the written submissions referred to in paragraph 3. There may be contradictions and overlap between the points made by delegations as is often the case in summaries of the totality of views on a matter. In addition to discussing the functions of the GM, a number of delegations noted that Article 21, paragraph 7, of the Convention in effect sets up a three-year pilot phase of the GM, after which the Conference of the Parties(COP) would adjust GM functions, if necessary, on the basis of experience.

III. PRELIMINARY NEGOTIATING TEXT AND POSSIBLE ACTION BY THE COMMITTEE

5. The following is a preliminary negotiating text on the functions of the GM and the criteria for selecting an institution to house it. The criteria are drawn from Annex II of document A/AC.241/43 on the Global Mechanism. The list of functions amalgamates the written submissions in Annexes A, B, C and D, taking account of the comments in Annex E. It is designed to incorporate the whole range of views on GM functions. As indicated at the eighth session, Working Group I would aim to agree on a final version of this text. The agreed text could then be the basis for an INCD decision asking interested organizations for additional information indicating specifically how they would operate the GM to perform efficiently the functions agreed by the INCD.

Preliminary Negotiating Text

A. Functions of Global Mechanism (GM)

Under the authority and guidance of the Conference of the Parties (COP), and in accordance with the Convention, in particular Articles 7, 20 and 21, and the financial provisions of relevant regional implementation annexes, the Global Mechanism should perform the following functions in carrying out its mission under Article 21, paragraph 4:

1. Collecting and disseminating information

(a) Identify and maintain contacts with potential sources of financing from bilateral donors, UN agencies, multilateral financial institutions, regional and subregional financial mechanisms, and non-governmental organizations (NGOs), foundations and other private sector entities.

(b) Establish and update an inventory of the financial needs of affected developing country Parties for carrying out action programmes.

(c) Identify and draw up an inventory of relevant bilateral and multilateral cooperation programmes and available financial resources in the form of a comprehensive data base, incorporating information both from Parties and from various financial mechanisms, comprising:

(i) sources of available financing through bilateral and multilateral agencies including their funding patterns and eligibility criteria, using reports to the COP by Parties and all other available data;

(ii) sources of financing from NGOs, foundations and other private sector entities that might be encouraged to provide funding, including their funding patterns and eligibility criteria; and

(iii) details of national funding in affected country Parties to finance actions designed to combat desertification.

(d) Disseminate information collected in accordance with paragraphs (a), (b) and (c) to Parties on a regular basis and make it available, on request, to interested intergovernmental and non-governmental organizations.

2. Analyzing and advising on request

(a) Promote the matching of available resources to the projects and programmes of affected developing countries related to combating desertification and assist them to find new and additional resources for the implementation of the Convention.

(b) Analyze and provide advice on sources of financial assistance and on mechanisms to channel resources to the local, national and subregional levels, including through NGOs and private sector entities.

(c) Provide advice on the establishment, financing and management of national desertification funds.

(d) Identify, promote and provide advice about innovative methods and incentives for mobilizing and channelling resources.

3. Facilitating cooperation and coordination

(a) Disseminate information it collects so as to facilitate the assessment of, and exchange of information on, the effectiveness of financial assistance, including its predictability, flexibility, quality and local-level orientation.

(b) Provide identified UN agencies, funds and programmes, and multilateral financial institutions, with information and stimulate coordination among them, including in multiple-source financing.

(c) Encourage, and where appropriate coordinate, relevant multiple-source financing approaches, mechanisms and arrangements, such as co-financing, parallel financing, consortia and joint programmes.

(d) Stimulate the participation in Convention implementation of identified foundations, academic institutions and other private sector entities and facilitate contacts with them by interested Parties.

(e) Provide information, making use of existing fora, including the COP, that will:

(i) facilitate discussion of relevant issues in the governing bodies of multilateral financial institutions;

(ii) inform Parties about the eligibility criteria and projects of the Global Environment Facility (GEF), as they relate to Convention implementation;

(iii) inform affected country Parties about each other's relevant activities; and

(iv) disseminate methodologies developed by Parties to identify and prioritize the financial needs of action programmes at all levels.

(f) Identify and then provide information and advice on financing sources for the transfer, acquisition, adaptation and development of relevant technologies.

4. Mobilizing and channelling financial resources to all levels

(a) Mobilize adequate and substantial financial resources, including new and additional resources, on a grant or, if necessary, concessional basis, to fund activities under action programmes of affected developing country Parties, particularly those in Africa, at all levels in conformity with the Convention and with the particular conditions of the regions of relevant regional implementation annexes.

(b) Channel these resources, including its own resources, in a predictable and timely fashion to national, subregional and regional levels through trust funds and other mechanisms.

(c) Increase the efficiency and effectiveness of existing financial mechanisms and collaborate with them to facilitate and catalyse the mobilization and channelling by them of adequate and substantial financial resources, including new and additional resources, for Convention implementation.

(d) Promote and facilitate, through the actions in paragraphs (a) to (c):

(i) the transfer, acquisition, adaptation and development of environmentally sound, economically viable and socially acceptable technologies relevant to combating desertification and/or mitigating the effects of drought in affected developing countries; and

(ii) the use of indigenous knowledge and technologies, as well as local expertise, at all levels in affected developing countries.

5. Reporting to the COP

(a) Provide reports to the sessions of the COP in order to facilitate periodic COP evaluation of its effectiveness, as well as COP reviews of the financial aspects of Convention implementation, including in these reports the following:

(i) the operations and activities of the Global Mechanism, including their role in mobilizing and channelling substantial and additional financial resources to affected developing country Parties; and

(ii) the likely future availability of funds for Convention implementation, as well as effective means of providing such funds.

B. Criteria for Selecting an Institution to House the Global Mechanism (GM)

1. Functional capacity

(a) Relevance of mandate, general objectives and activities of institution to overall objective of GM, "to increase the effectiveness and efficiency of existing financial mechanisms", and to its mission "to promote actions leading to the mobilization and channelling of substantial financial resources, including for the transfer of technology, on a grant basis, and/or on concessional or other terms, to affected developing country Parties."

(b) Capacity of institution to organize GM to perform efficiently functions of GM in order to assist Conference of the Parties (COP), as well as individual Parties and groups of Parties, particularly those in Africa, to meet Convention obligations regarding financing.

(c) Modalities by which institution would perform functions of GM, including necessary arrangements with other entities.

(d) Context which institution offers for establishing effective relationships with other relevant entities, including its experience with, and knowledge of, operations of bilateral, regional and multilateral financial institutions, as well as NGOs and other private-sector entities.

(e) Knowledge of institution regarding desertification and drought issues, and its experience working with government, local communities and other entities in affected developing countries, particularly those in Africa, in dryland management, local-area development and other relevant fields.

2. Relationship to COP

(a) GM's status within institution including organizational and administrative arrangements to ensure accountability to COP/responsiveness to COP guidelines.

(b) Modalities of GM accountability to COP and reporting on GM activities.

(c) Procedures for COP to enter into agreements with institution regarding GM functions and modalities, including nature, form and timing.

3. Administrative and other support

(a) Administrative infrastructure available to support GM activities, including location, office space, personnel, financial, communications, information management and field-office frameworks.

(b) Modalities of staffing GM.

(c) Projected costs of GM operation, extent to which institutions would absorb them and nature of charges to COP for costs not absorbed, if any.

ANNEX A

Position of African Group on functions of Global Mechanism

1. According to Article 21 of the Convention, the Global Mechanism is a financial mechanism.

2. The Mechanism will function under the authority and guidance of the Conference of the Parties and will be accountable to it. It will make regular reports to it from its second ordinary session on its activities.

3. The Conference of the Parties sets policy guidelines of the Global Mechanism and reviews periodically its operational modalities and activities, taking into account the provisions of Article 7 of the Convention.

4. The main objective of the Global Mechanism is to promote the mobilization of financial resources and to increase the effectiveness and efficiency of existing financial mechanisms.

5. For this purpose, it has the following dynamic, double-sided role:

(a) mobilization, and quick and timely channelling to national, subregional and regional levels of substantial financial resources, including new and additional resources, for the benefit of affected developing country Parties, particularly those in Africa, and

(b) facilitating and catalysing of the mobilization and channelling to national, subregional and regional levels of adequate, timely and predictable financial resources, including new and additional resources, through existing financial mechanisms and institutions, for the benefit of affected developing country Parties, particularly those in Africa.

6. The functions of the Global Mechanism are, inter alia:

(a) financing of activities of action programmes in conformity with the relevant provisions of the Convention, including transfer, acquisition, adaptation and development of environmentally sound, economically viable and socially acceptable technologies relevant to combating desertification and/or mitigating the effects of drought, with a view to contributing to the achievement of sustainable development in affected areas;

(b) update inventory of the needs of affected country Parties based on action programmes;

(c) identification and inventory of available financial resources;

(d) information on those resources; and

(e) coordination of multiple-source funding approaches, mechanisms and arrangements.

7. Financial resources to be mobilized and channelled by the Global Mechanism, or those under its aegis, are grants and/or, if necessary, loans at favourable terms.

ANNEX B

Position of Asian Group on functions of Global Mechanism

1. The Global Mechanism, as the financial mechanism for the implementation of the Convention, in line with the spirit and letter of the Convention, in particular articles 20 and 21, should perform the following functions:

Financial Functions

(a) To promote actions leading to the mobilization of substantial financial resources, on a grant basis and/or concessional or other terms, to the affected developing country Parties.

(b) To identify and establish continuing contact with potential sources of financing from bilateral donors, United Nations (UN) agencies, multilateral financial institutions, regional and sub-regional financial mechanisms, as well as NGO's foundations and other private sector entities.

(c) To channel substantial financial resources and other forms of support including promotion of mobilization of additional funding to the affected developing country Parties.

(d) To strengthen effectiveness and efficiency of the existing financial mechanism through provision of substantial financial resources.

(e) To ensure adequate, timely and predictable financial resources.

(f) To mobilize substantial financial resources to promote and facilitate transfer, acquisition, adaptation and development of environmentally sound technologies relevant to combating desertification to the affected developing country Parties.

(g) To mobilize substantial financial resources to promote the use of indigenous knowledge and technologies, and enhance the utilization of local expertise at all levels during the implementation of the Convention.

(h) To collaborate with relevant organizations in providing adequate financial resources and other forms of resources from developed countries to assist the affected developing country Parties, in particular the African country Parties, and Least Developed Country Parties, for the implementation of the Convention.

Information and Advisory Functions

(a) To provide the Parties, on request, with materials to assist in funding new and additional financial resources for the implementation of the Convention.

(b) To provide advice, on request, to Parties on innovative methods of financing and sources of financial assistance and on improving the coordination of cooperation activities at national level.

(c) To provide interested Parties and other entities with information on available sources of funds and on funding patterns, on a regular basis, with the view to facilitate coordination.

Reporting Functions

(a) To report to the Conference of the Parties on its operation and activities, in particular information on mobilization and channelling of substantial and additional financial resources to the affected country Parties.

(b) To report to the Conference of the Parties on future availability of funds as well as ways and means of providing resources to the affected developing country Parties.

2. In performing its functions, the Global Mechanism shall function under the authority and guidance of the Conference of the Parties and be accountable to it.

ANNEX C

Position of the Latin American and Caribbean Group (GRULAC) on functions of Global Mechanism

Approaches and Policies

1. The processes of sensibilization and concientization on desertification and drought has permitted to acknowledge that, besides the deep effects that they have in Africa, these processes occur in Latin America and the Caribbean as well as in the other regions of the world.

2. The problems of desertification and drought impact negatively on the world food security of present and future generations.

3. The Convention to Combat Desertification is of global nature. It is thus necessary to maintain a regional equilibrium in the Convention implementation as well as in the prevention, mitigation and control of the worldwide effects of desertification and drought.

4. GRULAC, in the spirit of Article 21 Paragraph 4 of the Convention, and taking into account that the Global Mechanism must increase the effectiveness and efficiency of the existing financial mechanisms through the promotion of measures destined to mobilize and canalize substantial financial resources to the affected developing countries Parties of the Convention, considers essential that the Global Mechanism grants the equitability and regional proportionality in the administration and assignment of the financial resources as well as in matters related to the implementation of the Convention.

Financial Resources

5. In order to increase the effectiveness and efficiency of the existing financial mechanisms, the GM will facilitate financing modalities according to the particular conditions of the regions included in the annexes to the Convention.

6. The GM will provide the interested Parties, in accordance with their national conditions and capabilities, trust funds and its own resources in addition to the bilateral and multilateral financial formulas, that allow for the strengthening of the combat against desertification and drought within the strategic sustainable development frameworks.

Administrative Operation

7. The host organization of the GM must guarantee the principles of transparency, neutrality and universality of the GM.

8. Taking into account that during the VIII session of the INCD both IFAD and UNDP continued to be interested in hosting the GM, these organizations must present to the IX session of the Committee detailed views on the modus operandi of the GM that reflect what has been expressed above.

ANNEX D

Position of OECD Group on functions of Global Mechanism

1. As per article 21.4 of the Convention, "in order to increase the effectiveness and efficiency of existing financial mechanisms, a Global Mechanisms (GM) is to be established to promote actions leading to the mobilization and channelling of substantial financial resources...."

2. The method of "promoting" can be subdivided, as per Article 21.5 of the Convention, into the following key functions:

Collecting information

(a) Establishing a comprehensive data base should be the key function of collecting information. In establishing a data base, the GM would depend on information provided by the Parties as well as information which it would seek and be ready to collect from various financial mechanisms. The data base should include:

(i) Sources of available funding through bilateral and multilateral agencies including their funding patterns and eligibility criteria, using all available data, as well as the reports to the COP provided by the Parties.

(ii) Sources of funding in NGO's, foundations and other private sector entities that might be encouraged to provide financing, including their funding patterns and eligibility criteria.

(iii) Details of national funding, in affected country Parties, to finance actions designed to combat desertification.

(b) The information collected should be communicated to Parties on a regular basis and be made available, on request, to interested intergovernmental and non governmental organizations.

Analyzing and advising

On request, the GM could:

(a) Promote the matching of available resources to projects and programmes of affected developing country Parties which are related to combating desertification.

(b) Encourage possibilities for co-financing and other types of financing arrangements, including consortia, joint programmes and parallel financing.

(c) Analyze and provide advice on mechanisms to channel resources to the local, national and sub-regional levels, including through NGO's and private entities.

(d) Provide advice on the establishment, financing and management of National Desertification Funds.

(e) Identify, promote and provide advice about innovative methods and incentives for mobilising and channelling resources.

Facilitating coordination

On request, the GM could:

(a) Disseminate the collected information to facilitate assessment and exchange of information on effectiveness of financial aid, including predictability of flows, flexibility, quality and local level orientation.

(b) Identify relevant UN agencies, funds and programmes and multilateral financial institutions, provide them and affected developing country Parties with information and stimulate inter-agency coordination among them, including the possibility of multiple source financing.

(c) Identify other institutions such as academic and private sector institutions with a view to stimulate their participation with those actors intended to implement the Convention.

(d) Provide information to facilitate discussion in governing bodies of multilateral financial entities.

(e) Provide information on GEF eligibility criteria and projects.

(f) Disseminate information on relevant activities taking place in other affected country Parties.

(g) Encourage seminars at local, national and sub-regional levels.

(h) Facilitate contacts with NGO's, foundations and other private entities.

(i) Make use of existing fora, including the COP, to disseminate information.

(j) Identify and provide information and advice on sources of financing for the transfer, acquisition, adaptation and development of relevant technologies.

(k) Disseminate information provided by the Parties on methodologies for identifying and prioritizing the financial needs of action programmes at all levels.

Reporting

(a) Provide the COP with a report on the operations of the GM to enable the Conference both to evaluate global mechanism activities and to facilitate review of the financial aspects of the Convention implementation.

ANNEX E

Compilation of comments at eighth session on functions of Global Mechanism

1. It is important to distinguish the core functions of the GM, as outlined in Article 21, paragraph 6, of the Convention, from other functions it might possibly undertake.

2. The functions of the GM should be firmly based on the Convention. The GM's main tasks are to mobilize financial resources, that is to look for them and package them, and to finance technology transfer.

3. The GM should determine what financing resources are available to implement the Convention at all levels, what financing different affected countries can potentially draw on and what funding priorities are.

4. In analyzing financial requirements the GM should take careful account of the relevant existing facilities of bilateral and multilateral funding institutions.

5. According to Article 21, the GM is a means of promoting action leading to the mobilization of resources not of itself mobilizing resources. Since the Parties are responsible for mobilizing, and channelling financial resources, the GM should be seen as a "lubricant" of Convention implementation and not as a "motor."

6. The functions of the GM should go beyond the tasks listed in Article 21, paragraph 5. It should do much more than provide information and advice. The words "inter alia" in the chapeau of Article 21, paragraph 5, as well as the wording of Article 21, paragraph 4, point to the broader functions of increasing, mobilizing and channelling funds that should be the focus of the GM's mission.